

Exhibit D

9. Procurement

A. Contract Administration

- 1) Contractors shall administer this Agreement in accordance with all federal and state rules and regulations governing LIHEAP block grants pertaining to procurement, including Office of Management and Budget (OMB) Circulars and amendments thereto, consistent with the general OMB compliance requirement in Exhibit B to this Agreement. Contractors shall establish, maintain and follow written procurement procedures consistent with the procurement standards in OMB Circulars A-102 and A-110 and all additional provisions in this Agreement, including but not limited to a code of conduct for the award and administration of contracts and a procedure that provides, to the maximum extent practical, open and free competition.
- 2) Contractor shall not permit any organizational conflicts of interest or noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective subcontractor performance and eliminate unfair competitive advantage, individuals, or firms that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Contractor shall award any subcontract to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to Contractor when considering price, quality, and other factors. Contractor's solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.
- 3) Contractor assures that all supplies, materials, equipment, or services purchased or leased with funds provided by this Agreement shall be used solely for the activities allowed under this Agreement, unless a fair market value for such use is charged to the benefiting program and credited to this Agreement.

- 4) In addition to adhering to all OMB requirements and the Contractor's established procedures for all procurement transactions of any amount, for each purchase, lease, or subcontract for any articles, supplies, equipment, or services obtained from vendors or subcontractors where the per-unit cost exceeds \$5,000, three competitive quotations shall be obtained or adequate justification documented and maintained as to the absence of bidding. In cases of a bona fide emergency where awarding a subcontract is necessary for the immediate preservation of public health, welfare, or safety, documentation of the emergency will be sufficient in lieu of the three-bid process.
- 5) To ensure that significant procurement transactions are conducted in an open and freely competitive manner, Contractor shall comply with one of the following requirements at Contractor's election:
  - a. Contractor shall submit for CSD's review and approval the written procurement procedures developed pursuant Section 9(A)(1) above. Upon receipt of the procedures, CSD will review them for substantial conformity with the OMB procurement guidelines and the three-bid requirement in Section 9(A)(4) above. Within thirty (30) days of receipt, CSD will provide either written approval of the procedures, or specific recommendations for amendment of the procedures. Approval shall not be withheld unreasonably; or
  - b. Absent CSD's written approval of the procurement procedures, Contractor shall prepare and submit a Request for Purchase/Lease Pre-Approval (CSD 558) to CSD at least fifteen (15) calendar days prior to executing the subcontract for each of the following procurement transactions:
    - i. Any articles, supplies, equipment or services having a per-unit cost in excess of \$5,000; or
    - ii. Any articles, supplies or equipment where the total contract amount exceeds \$100,000.
- 6) Noncompliance with any of the provisions in this Section 9 shall result in a disallowance of the costs of the procurement transaction.
- 7) Contractor assures that it shall exercise due care in the use, maintenance, protection, and preservation of state-owned property in Contractor's possession or any other property or equipment procured by Contractor with State funds. Such care shall include, but is not limited to, the following:

- a. Maintaining insurance coverage against loss or damage to such property or equipment.
- b. Ensuring that the legal ownership of any motor vehicle or trailer is in the name of the Contractor.

B. Limitation on Use of Funds

Contractor shall assure that funds received under this Agreement shall not be used for the purchase or improvement of land or for the purchase, construction, or permanent improvement of any building or other facility other than low-income weatherization or energy-related home repairs.